

HOG PRODUCTION

COSTS AND RETURNS 1998 - 1999

ITEM	UNITED STATES		HEARTLAND		EASTERN UPLANDS	
	1998	1999	1998	1999	1998	1999
Gross value of production			Dollars Per Cwt. Gain <u>1/</u>			
Market hogs	33.30	29.21	33.79	29.61	27.94	24.68
Feeder pigs	7.22	9.72	5.78	7.82	11.33	15.17
Cull stock	1.03	0.93	0.97	0.85	1.93	1.79
Breeding stock	0.70	0.65	0.36	0.33	3.13	2.96
Inventory change	0.24	-0.17	-0.13	-0.89	-1.86	-0.66
Other income <u>2/</u>	1.39	1.32	1.55	1.47	1.17	1.14
Total, gross value of production	\$43.88	\$41.66	\$42.32	\$39.19	\$43.64	\$45.08
Operating costs:						
Feed						
Grain	6.25	5.07	7.85	6.46	5.64	4.70
Protein sources	5.15	4.21	6.74	5.62	2.79	2.04
Complete mixes	10.56	9.79	8.33	7.54	12.66	11.88
Other feed items <u>3/</u>	0.21	0.17	0.25	0.20	0.82	0.77
Total, feed costs	\$22.17	\$19.24	\$23.17	\$19.82	\$21.91	\$19.39
Other						
Feeder pigs	8.36	11.13	7.16	9.59	5.59	7.39
Veterinary and medicine	1.05	1.04	1.15	1.14	1.17	1.18
Bedding and litter	0.03	0.03	0.04	0.04	0.03	0.03
Marketing	0.95	0.97	0.61	0.62	1.49	1.51
Custom services	0.36	0.37	0.28	0.29	0.14	0.14
Fuel, lube, and electricity	1.05	1.12	1.14	1.21	1.49	1.59
Repairs	0.78	0.76	0.89	0.86	1.01	1.00
Other operating costs <u>4/</u>	0.03	0.03	0.03	0.03	0.07	0.07
Interest on operating capital	0.83	0.82	0.83	0.79	0.79	0.76
Total, operating costs	\$35.61	\$35.51	\$35.30	\$34.39	\$33.69	\$33.06
Allocated overhead:						
Hired labor	2.07	2.22	2.11	2.30	2.28	2.37
Opportunity cost of unpaid labor	5.51	5.17	6.37	5.97	9.47	9.30
Capital recovery of machinery and equipment	10.32	10.09	10.74	10.45	12.75	12.47
Opportunity cost of land (rental rate)	0.06	0.05	0.07	0.05	0.10	0.08
Taxes and insurance	0.46	0.45	0.49	0.48	0.77	0.78
General farm overhead	0.95	0.94	1.00	0.98	1.07	1.07
Total, allocated overhead	\$19.37	\$18.92	\$20.78	\$20.23	\$26.44	\$26.07
Total, costs listed	\$54.98	\$54.43	\$56.08	\$54.62	\$60.13	\$59.13
Value of production less total costs listed	-11.10	-12.77	-13.76	-15.43	-16.49	-14.05
Value of production less operating costs	8.27	6.15	7.02	4.80	9.95	12.02
Supporting information:						
Production arrangement (% of production) <u>5/</u>						
Independent	60	59	73	71	42	40
Under contract	40	41	27	29	58	60
Size of operation (head sold/removed) <u>5/</u>						
Market hogs	1,540	1,726	1,373	1,522	797	873
Feeder pigs	1,049	1,224	726	845	1,302	1,464

The Economic Research Service revised its accounting methodology for corn, soybeans, cotton, grain sorghum, peanuts, hogs and cow-calf enterprises to conform with the new stands recommended by the American Agricultural Economics Association (AAEA) Task Force on Commodity Costs and Returns. For these same commodities, ERS is publishing regional estimates using new resource regions. Western Kentucky is considered Heartland while eastern Kentucky is included in Eastern Uplands. 1/Cwt gain = (cwt sold - cwt purchased) + cwt inventory change. 2/Value of manure production. 3/Milk replacer, milk, milk by-products, antibiotics, and other medicated additives. 4/Costs for odor control and fees, permits, licenses, and other regulatory costs. 5/Developed from survey base year, 1998.